

Supporting Document for Item 2: To consider and approve Settlement of the Disputes with the Expressway Authority of Thailand by means of Review and Amendment of the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement

- 1) Bangkok Expressway and Metro Public Company Limited (the Company) and Northern Bangkok Expressway Company Limited (the Subsidiary) have obtained concessions from the Expressway Authority of Thailand (EXAT) under the Concession Agreements, namely:
 1. The Second Stage Expressway Agreement with the Company; for a period of 30 years, which would expire on February 29, 2020.
 2. The Agreement for the Extension of the Second Stage Expressway System (Sector D) with the Company; for a period of 30 years, which would expire on April 21, 2027.
 3. The Si Rat - Outer Ring Road Expressway Project Agreement with the Company; for a period of 30 years, which would expire on December 14, 2042. (No disputes)
 4. The Bang Pa-in - Pak Kret Expressway Agreement with the Subsidiary, for a period of 30 years, which would expire on September 26, 2026.
- 2) During the periods of operations under the agreements, EXAT, the Company / the Subsidiary had disputes with each other in the panel proceedings, the arbitral proceedings, and the administrative court's proceedings. The Company / the Subsidiary had the respective disputes with EXAT by filing claims for damages from EXAT, totaling 11 matters, with the total value of approximately Baht 54,504 Million until the date of filing the statement of claim, as disclosed in Notes to the Financial Statements as at September 30, 2018. However, there remained disputes under the agreements which have one issue or as connected with the disputes which were already filed with the courts and with the Arbitral Tribunal. Still, they are in the process of the panel proceedings and filing of the notice requiring EXAT to comply with the agreements. The total value of the disputes for both parts, including interest calculated until December 31, 2018, is approximately Baht 137,517 Million.
- 3) On September 21, 2018, the Supreme Administrative Court rendered the judgment on impacts from the competing road requiring EXAT to compensate the Subsidiary for the revenue which decreased from the estimate as a result of its impacts from the competing road. The total value of the dispute is very high.
- 4) On October 2, 2018, the Council of Ministers resolved to acknowledge the matter where the state agency had the dispute under the Arbitration Agreement or was filed a lawsuit with the Supreme Administrative Court as one case or several cases in the same issue or as connected thereto, for instance, the case under the responsibility of the Ministry of Transport (Expressway Authority of Thailand), on which the Arbitral Tribunal rendered its arbitral award, thereby giving rise to the case proceedings in the Supreme Administrative Court, in which case, the Arbitral Tribunal rendered its arbitral award requiring the state agency to compensate for the damages or others. As a result, the Council of Ministers passed the resolution requiring such state agency to conduct negotiations with its disputing parties to mitigate the damage of the state and to ensure the justice for the people, provided that such negotiations

shall be conducted transparently and legitimately by mainly taking into account the benefits of the nation.

- 5) EXAT appointed a subcommittee to consider the guidelines for the legal proceedings in accordance with the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement between EXAT and the Company / the Subsidiary. In this regard, EXAT, by the subcommittee and the Board of EXAT, attended many meetings for negotiation with the Company/the Subsidiary and attended meetings for negotiation with the Board of EXAT on December 17 and 20, 2018 until the mutual agreement could be reached for the dispute settlement and the project operations. The following is the material summary of agreements which can be reached by EXAT and the Company/the Subsidiary for the dispute settlement in the best interests of the state, people and in fairness to both contractual parties:
1. EXAT and the Company/the Subsidiary have agreed to settle all disputes on which have been already given judgments or which are in the process of filing of the lawsuits with the courts, submission of the statement of claim to the Arbitral Tribunal and submission of the statement of claim to the panel which already took place or would take place in the future in the same issue or as connected thereto under all existing agreements.
 2. EXAT and the Company/the Subsidiary have mutually agreed to review and amend the concession agreements, as follows:
 - 2.1 The respective periods of time of the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement, shall be extended from which would formerly end in 2020, 2027, and 2026, respectively, to end on April 21, 2057.
 - 2.2 The Company shall provide the O&M Services of the Second Stage Expressway and the Subsidiary shall provide the O&M Services of the Bang Pa-in - Pak Kret Expressway, provided that the Company/the Subsidiary are entitled to receive toll revenue sharing throughout the respective agreement periods, as follows:
 - Toll revenue sharing from the First Stage Expressway and the Second Stage Expressway in respect of the urban network at 40 percent and all toll revenues from the Second Stage Expressway (Sector C) and the Second Stage Expressway (Sector D);
 - All toll revenue sharing from the Bang Pa-in - Pak Kret Expressway.
 - 2.3 Revision of toll rates, EXAT and the Company/the Subsidiary have agreed that toll rates shall be revised at a fixed rate to increase every 10 years for vehicles of all types at the rates clearly specified in the three agreements.
 - 2.4 The Company shall have the duty to invest, construct and improve the Second Stage Expressway, which requires the total investment of approximately Baht 31,500 Million to solve the traffic congestion problem after the report of the Environmental Impact Assessment (EIA) of EXAT has been approved.

In this regard, EXAT would propose the negotiation results to the Council of Ministers for consideration and approval in accordance with the process required by the Private Investment in State Undertakings Act B.E. 2556 (2013). Nevertheless, there would be a change in the aforementioned guidelines as proposed.

3. EXAT and the Company/the Subsidiary will sign the Amendment Agreements of the existing Concession Agreements after obtaining the approval from the shareholders' meeting and after obtaining the consent from the Council of Ministers.

6) Potential Benefits to be Derived by the Company / the Subsidiary

1. Elimination of Risks from Disputes under the Agreements

The operations by the Company/the Subsidiary with EXAT under the concession agreements have been interpreted in various different ways, continuously giving rise to disputes throughout the concession periods. Besides, the procedures for settlement of the disputes under the agreements as a whole from the panel proceedings, the arbitral proceedings and the administrative court's proceedings have taken time for more than 15 years, and also, it is uncertain whether the Company/the Subsidiary would win the lawsuits, or if yes, the Company/the Subsidiary would be likely not to receive the debt repayment under the judgments since the disputing party is a state agency against which a lawsuit may not be filed to require confiscation of property, or there are external factors beyond the Company's control.

Given the fact that EXAT and the Company/the Subsidiary can reach an agreement to settle the disputes with each other under the agreements, both the pending disputes and the disputes connected to the resolved disputes, such as, competing road and revision of toll rates, would be beneficial to both parties in terms of working together and development of the expressway system to ensure more efficiency. EXAT, the Company/the Subsidiary have agreed to review and amend the agreements which result in different interpretation to prevent any other dispute with each other. It is risk management which is useful to both parties.

2. Sustainable Business Operations

The core businesses of the Company/the Subsidiary are the expressway and metro service provision. The Company/the Subsidiary which have obtained concessions from the public sector are then regarded as significant components of development of the public transport networks in order to facilitate the people's travelling and help alleviate the traffic problems in Bangkok and its vicinity, by giving priority to safety, rapidity and efficiency in the services.

The fact is that the Company/the Subsidiary can enter into negotiation to settle the disputes with EXAT under the guidelines of the Council of Ministers' resolution on October 2, 2018. For that reason, EXAT will expand the respective periods of time of the three Concession Agreements to end in 2057 from that the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement would end in 2020, 2027, and 2026, respectively. As a result, the Company/the Subsidiary can continue its business operations in the expressway service; there is no risk from rejection of renewal of the agreement periods, and it is in line with the vision and mission of the Company which is committed to being the leading, fully-integrated transportation service provider of the country,

along with development of quality and efficiency of the transportation network system to alleviate the traffic problems as well as value added to shareholders on the basis of fairness towards all stakeholders.

3. Good Operational Results in the Future

An extension of the respective concession agreements granted to the Company/the Subsidiary has resulted in continuation of the expressway service business operations, with their entitlement to toll revenue on a regular basis in the long run until 2057 which would produce the good operational results in the future.

7) Compliance of the Assets Acquired and Disposed of Assets Rules

1. The settlement of such disputes with EXAT is deemed to be disposal of assets. The disputes as agreed upon for waive of claims in the Company/the Subsidiary are the disputes as filed lawsuits with the courts; as referred to the arbitral proceedings; and as referred to the panel proceedings, which already took place and would take place in the future in the same issue or as connected thereto under the agreements. The total value is approximately Baht 137,517 Million.

Details of calculation of the size of the transaction based on financial information under the consolidated financial statements as at September 30, 2018. The size of such transaction is equal to 132.43 percent (137,517 Million Baht x 100) / Total Asset 103,843 Million Baht), under the total value of consideration basis, which is higher than 50 percent. Such transaction is within the scope of disposal of assets in accordance with the Notifications on Asset Acquisition and Disposal. During the past 6 months, the Company has no other asset acquisition. Therefore, the Company shall have the duty to disclose information memorandum on such transaction to the Stock of Exchange of Thailand (the “Stock Exchange”) and to request approval of the shareholders’ meeting with the votes not less than three-fourths of the total votes of the shareholders attending the meeting and having the voting rights, excluding the votes cast by the interested shareholders. Moreover, the Company shall deliver the notice of the shareholders’ meeting, together with the independent financial advisor’s opinions to the shareholders in advance at least 14 days prior to the date of the shareholders’ meeting.

From the Shareholder Record data at the Closing Date of Share Register Book (20 February 2019) to receive the shareholder’s right to attend the Extraordinary General Meeting of Shareholders No. 1/2019 of the Company. EXAT the connected person, has no record as a shareholder of the company.

2. The investment, construction, improvement would require the investment of approximately Baht 31,500 Million. The size of such transaction is equal to 30.33 percent (31,500 Million Baht x100) /Total Asset 103,843 Million Baht) , under the total value of consideration basis, which is more than 15 percent but lower than 50 percent of the Company’s asset value. During the past 6 months, the Company has no other asset acquisition. Therefore, the Company shall have the duty to disclose such transaction to the Stock of Exchange and deliver the circular notice to shareholders within 21 days from the date of disclosure of the transaction to the Stock Exchange of Thailand, but the Company is not required to seek approval of shareholders. At this time, the Company would deliver the information memorandum on transaction regarding acquisition of assets to the Company’s shareholders, together with the notice of the Extraordinary General Meeting of Shareholders No. 1/2019 on the same occasion.

8) The Opinion of the Board of Directors

Having considered the matter, the Board of Directors is of the opinion that all disputes with EXAT should be settled by means of review and amendment of the Concession Agreements in accordance with the principles agreed upon with EXAT, due to the following:

- 8.1 The return on investment based on the financial forecast throughout the extended periods of the agreements has the present value of net cash flow in the amount of Baht 31,463 Million, which is deemed reasonable.
- 8.2 The settlement of all disputes by means of amendment of the agreements and the Company's investment in improvement of the Second Stage Expressway System can mitigate the loss and damage which may be sustained to the state, and most of all, contribute to more efficiency in the expressway service to the public, which would be in the best interest of the state, people, and nation as a whole.
- 8.3 Potential benefits to be derived by the Company are described in Clause 6)

In the Board of Directors' Meeting No. 1/2019 on February 6, 2019, Mr. Wichan Ekarintrakul, who is an interested director, has neither attended nor cast vote in the Board of Directors' Meeting in consideration and approval of the agenda for proposal to the Extraordinary General Meeting of Shareholders No. 1/2019 consider approving the following:

- 1) That the Company and the Subsidiary shall settle the disputes with the Expressway Authority of Thailand by means of review and amendment of the Second Stage Expressway Agreement, the Agreement for the Extension of the Second Stage Expressway System (Sector D), and the Bang Pa-in - Pak Kret Expressway Agreement;
- 2) In case there are changes in the dispute settlement agreement, the Board of Directors shall be authorized to consider approving amendment in accordance with the results of the final negotiation and the resolution of the Council of Ministers and shall be authorized to approve details of the agreements, as well as taking any necessary actions to sign the agreements with the Expressway Authority of Thailand until completion.